

Sun Life to acquire majority stake in Crescent Capital Group LP

Expanding capabilities at SLC Management, Sun Life's alternatives manager

October 21, 2020



Life's brighter under the sun



In this presentation, Sun Life Financial Inc. ("SLF" or "SLF Inc."), its subsidiaries and, where applicable, its joint ventures and associates are referred to as "we", "us", "our", "Sun Life" and the "Company".

Forward-looking statements

Certain statements in this presentation and certain oral statements made by senior management during the associated conference calls (collectively, this "presentation"), including, but not limited to, statements that are not historical facts, are forward-looking and are subject to inherent risks, uncertainties and assumptions. The results or events predicted in these forward-looking statements may differ materially from actual results or events and we cannot guarantee that any forward-looking statement will materialize. Except as may be required by law, we do not undertake any obligation to update or revise any forward-looking statements made in this presentation.

Non-IFRS Financial Measures

The Company prepares its financial statements in accordance with international financial reporting standards ("IFRS"). This presentation includes financial measures that are not based on IFRS ("non-IFRS financial measures"). The Company believes that these non-IFRS financial measures provide information that is useful to investors in understanding the Company's performance and facilitate the comparison of the quarterly and full year results from period to period. These non-IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. These non-IFRS financial measures should not be viewed in isolation from or as alternatives to measures of financial performance determined in accordance with IFRS. Additional information concerning non-IFRS financial measures and reconciliations to the closest IFRS measures are included in our annual and interim management's discussion and analysis and the Supplementary Information packages that are available on www.sunlife.com under Investors – Financial results and reports.

Sources of earnings

Sources of earnings is based on the requirements of the Office of the Superintendent of Financial Institutions, Canada and guidelines of the Canadian Institute of Actuaries. It is used to identify the primary sources of gains or losses in each reporting period and is not based on IFRS. Additional information concerning our sources of earnings is included in the Company's Annual Report.

Additional information

Additional information concerning forward-looking statements and non-IFRS financial measures is included at the end of this presentation.

Transaction Summary⁽¹⁾

Overview



Sun Life to acquire a majority stake in Crescent Capital Group ("Crescent"), a global alternative credit manager primarily focused on below investment grade credit with approximately US\$28 billion (C\$38 billion) of assets under management ("AUM")⁽²⁾

Financial



Sun Life will acquire 51% of Crescent⁽³⁾ for up to US\$338 million (approx. C\$450 million), consisting of:

- upfront payment of US\$276 million (approx. C\$370 million), and
- a future payment of up to US\$62 million (approx. C\$80 million) based on the achievement of certain milestones

The transaction includes call/put options to acquire the residual interest five years after close

Structure



Crescent will form part of SLC Management, bringing below investment grade credit capabilities in both public and private markets to SLC Management's product suite

Closing



Transaction is expected to close in late 2020, subject to customary closing conditions, including regulatory approvals

(1) Certain statements on this slide are forward looking. See "Forward-looking information" in the appendix to these slides.
(2) AUM as at June 30, 2020, and includes committed assets. Fee earning AUM as at June 30, 2020 is US\$22B. AUM is a non-IFRS financial measure. See "Non-IFRS Financial Measures" on slide 2.
(3) As part of the transaction, Crescent's equity holders will retain carried interests in existing funds along with certain assets and their respective economics.

Crescent Capital Group

Focusing on:

- Mezzanine debt
- Mid-market direct lending
- European specialty lending
- High yield
- Leveraged loans
- Collateralized loan obligations

Local presence in four markets

180+ employees across four offices: Los Angeles (headquarters), Boston, New York and London

Global Investor Base

Over 600+ client relationships:

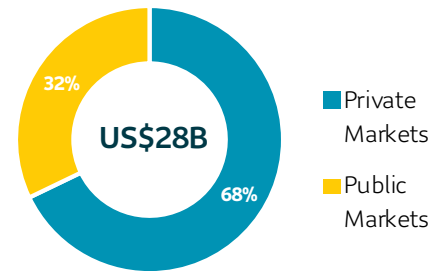
- North America - 73%⁽¹⁾
- Asia - 15%⁽¹⁾
- Europe & RoW⁽³⁾ - 12%⁽¹⁾

Track record of demonstrated performance

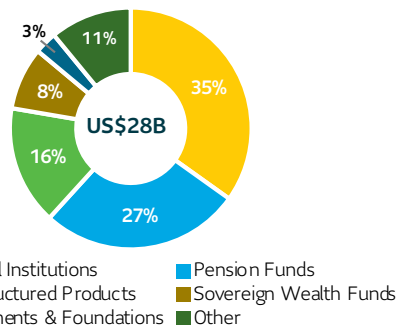
Founded in 1991, Crescent has demonstrated the ability to withstand market and global economic volatility; 13% AUM CAGR between 2011 and June 30, 2020

CRESCENT

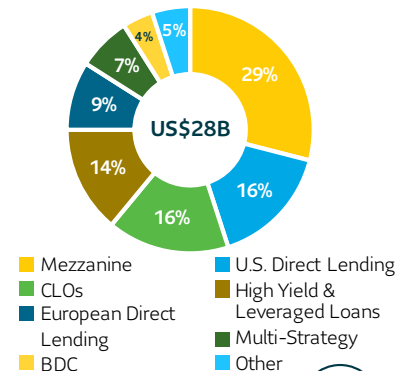
Below Investment Grade Corporate Credit Mix⁽²⁾



AUM by Investor Type⁽²⁾



AUM by Strategy⁽²⁾



(1) Based on AUM as at June 30, 2020

(2) AUM as at June 30, 2020, and includes committed assets. Fee earning AUM as at June 30, 2020 is US\$22B. AUM is a non-IFRS financial measure. See "Non-IFRS Financial Measures" on slide 2.

(3) Rest of World

Extending SLC Management's investment capabilities

Brings SLC Management's third-party AUM to C\$143 billion pro-forma^(1,2,3)

On strategy for SLC Management

- Addition of Crescent increases breadth and depth of investment capabilities, comparable to peers and specialized asset managers
- Rounds out a broad-based set of world class investment capabilities that offer attractive yield and total return

Acquisition is a strong cultural fit

- Investment philosophy and culture that is consistent with SLC Management
- Structured for management continuity and co-investment in new products

Strong alignment with Clients through Sun Life co-investment⁽¹⁾

- Opportunity for Sun Life to co-invest and provide seed capital, supporting the launch of new products, committing US\$750 million (approximately C\$1 billion) to Crescent solutions⁽¹⁾

Investor demand for below investment grade credit

- Attractive yield
- Total return
- Low volatility
- Diversification

(1) See "Forward-looking information" in the appendix to these slides.

(2) AUM as at June 30, 2020, and includes committed assets. Fee earning AUM as at June 30, 2020 is C\$134B. AUM is a non-IFRS financial measure. See "Non-IFRS Financial Measures" on slide 2.

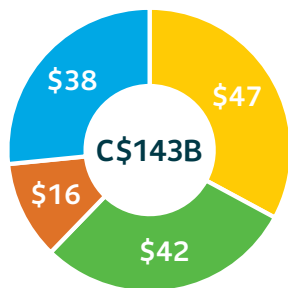
(3) Together with Sun Life's General Account, SLC Management pro-forma AUM is C\$300 billion.

Continuing to build a global footprint, competitive set of private strategies, and meaningful third-party AUM to meet Client needs

SLC Management's Third-Party Assets (pro-forma)^(1,2,3)

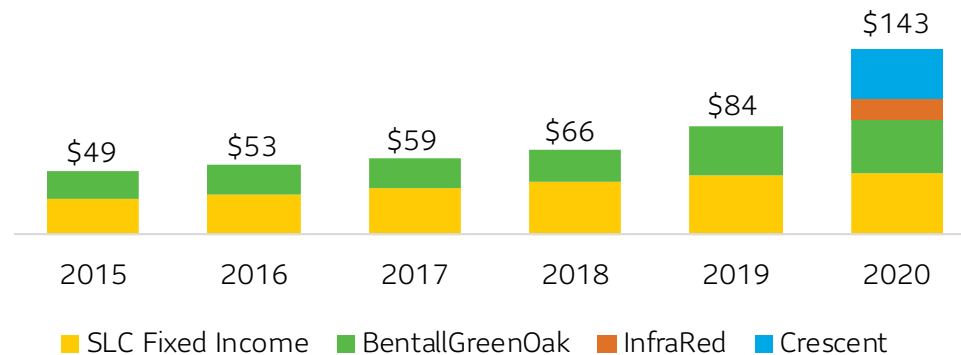
(C\$ billions)

- SLC Fixed Income
- BentallGreenOak Real Estate
- InfraRed Infrastructure
- Crescent Alternative Credit



AUM Growth for SLC Management's Third-Party Assets^(1,2,3)

(C\$ billions)



Firm overview (pro-forma)^(1,2)

C\$143B



Assets under management⁽³⁾

1,800+



Institutional clients

1,400+



Employees

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 (3) Together with Sun Life's General Account, SLC Management pro-forma AUM is C\$300 billion.

Key Financial Metrics⁽¹⁾

Consideration for 51% of Crescent Capital Group ⁽²⁾	Up to US\$338 million (approx. C\$450 million), consisting of an upfront payment of US\$276 million (approx. C\$370 million), and a future payment of up to US\$62 million (approx. C\$80 million) based on the achievement of certain milestones
Transaction value	Approximately 3% of acquired fee-earning AUM ⁽³⁾
AUM acquired ⁽³⁾	US\$28 billion (C\$38 billion)
Sun Life co-investment/seed capital	Commitment of US\$750 million (approx. C\$1 billion) over three years
Impact on underlying earnings per share ⁽⁴⁾	Modestly accretive
Impact on LICAT ratio of Sun Life Financial Inc.	Approximately 2% decrease on closing
Call/Put options to acquire remaining interest	Commencing five years after the close of transaction

- (1) Represents the estimated impact on close of the transaction. Canadian dollar impacts will be subject to exchange rates at the time of the close of the transaction. See “Forward-looking information” in the appendix to these slides.
- (2) As part of the transaction, Crescent’s equity holders will retain carried interests in existing funds along with certain assets and their respective economics
- (3) AUM as at June 30, 2020, and includes committed assets. Fee-earning AUM as at June 30, 2020 is US\$22B. AUM is a non-IFRS financial measure. See “Non-IFRS Financial Measures” on slide 2.
- (4) Underlying earnings per share is a non-IFRS financial measure. See “Non-IFRS Financial Measures” on slide 2.

Appendix: Forward-looking information

Certain statements in this presentation are forward-looking, including but not limited to, statements relating to: (i) our growth strategies and strategic objectives, (ii) the expected timing of the closing of the transaction, (iii) the expected impact and benefits of the transaction set out on slides 3, 5, 6 and 7 of this presentation, (iv) the key financial metrics set out on slide 7 of this presentation, and (v) other statements that are not historical or are predictive in nature or that depend upon or refer to future events or conditions. Forward-looking statements may also include words such as “achieve”, “aim”, “ambition”, “anticipate”, “aspiration”, “assumption”, “believe”, “could”, “estimate”, “expect”, “goal”, “initiatives”, “intend”, “may”, “objective”, “outlook”, “plan”, “project”, “seek”, “should”, “strategy”, “strive”, “target”, “will”, and similar expressions. All such forward-looking statements are made pursuant to the “safe harbour” provisions of applicable Canadian securities laws and of the United States Private Securities Litigation Reform Act of 1995.

The forward-looking statements in this presentation represent our current expectations, estimates and projections regarding future events and are not historical facts. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties and are based on key factors and assumptions that are difficult to predict, particularly in light of the ongoing and developing COVID-19 pandemic and its impact on the global economy and its uncertain impact on our business. The forward-looking statements in this presentation do not reflect the potential impact of any non-recurring or other special items or of any dispositions, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date of this presentation. If any non-recurring or other special item or any transaction should occur, the financial impact could be complex and the effect on our operations or results would depend on the facts particular to such item and we cannot describe the expected impact in a meaningful way or in the same way we could present known risks affecting our business. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements contained in this presentation.

Forward-looking statements are presented for the purpose of assisting investors and others in understanding our expected financial position and results of operations as at the date of this presentation, as well as our objectives for the transaction, strategic priorities and business outlook following the transaction, and in obtaining a better understanding of our anticipated operating environment following the transaction. Readers are cautioned that such forward-looking statements may not be appropriate for other purposes and undue reliance should not be placed on these forward-looking statements.

The realization of our forward-looking statements essentially depends on our business performance which, in turn, is subject to many risks, which have been further heightened with the current COVID-19 pandemic given the uncertainty of its duration and impact. Important transactional and other risk factors that could cause our actual results to differ materially from those expressed in or implied by the forward-looking statements in this presentation are listed in our news release announcing the transaction dated October 21, 2020 under the heading “Forward-looking information” and in the annual information form of Sun Life Financial Inc. for the year ended December 31, 2019 under the heading “Risk Factors” and other regulatory filings filed or furnished to Canadian and U.S. securities regulators available at www.sedar.com and www.sec.gov.

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